

VERIFICATION REPORT UPDATE

AGRICULTURAL POLICY REFORM PROGRAM

Tranche V

**Policy Benchmarks for Accomplishment
by December 31, 2001**

Submitted by

The Government of Egypt

to

**The United States Agency for International Development,
Cairo**

July, 2002

VERIFICATION REPORT

AGRICULTURAL POLICY REFORM PROGRAM

Tranche V

Policy Benchmarks for Accomplishment by December 31, 2001

Submitted by

The Government of Egypt

to

**The United States Agency for International Development,
Cairo**

With the Technical Assistance of the MVE Unit of APRP

Abt Associates Inc.

EQI

USAID Contract No.263-0219-C-00-7003-00

MVE Team

Dr. Gary Ender, Chief of Party

Dr. Adel M. Mostafa, Agribusiness Specialist

Dr. John Holtzman, Agribusiness Specialist

Dr. Morsy Ali Fawzy, Agricultural Policy Analyst

Mr. Sherif Fayyad, Researcher

Ms. Samar Maziad, Researcher

TABLE OF CONTENTS

PREFACE	iii
D. AGRICULTURAL SECTOR SUPPORT SERVICES	1
Benchmark D.4: Transparency in Trade Data and Trade Agreements	1
Benchmark D.8: Vegetable Seed Variety “Screening”	3
Benchmark D.9: Technology Commercialization in Agriculture	4
Benchmark D.10: Transparency in Decision-Making	5

PREFACE

The MVE Unit submitted a verification report for tranche V of APRP. Some benchmarks were judged by the USAID to be not fully accomplished. This verification update describes the status of accomplishment of the indicators for those four benchmarks as of June 30, 2002.

D. AGRICULTURAL SECTOR SUPPORT SERVICES

Benchmark D.4: Transparency in Trade Data and Trade Agreements

Policy Benchmark:

The GOE (MEFT) will establish a policy to publish Egypt's trade agreements and disseminate monthly bulletins of disaggregated, product-by-product trade data.

Indicator D.4.3: Evidence that the agricultural trade agreements and monthly statistical bulletins are published by Internet and on paper and are available to all that request them¹.

Discussion: As the agreements were published in summary form in the bulletin (not in their entirety), and because the information was not yet available via Internet, overall accomplishment was deemed partial. The necessary condition for full accomplishment of the terms of this indicator is evidence that the required information has been published by Internet.

Action Needed: RDI and PMU are requested to work closely with the Ministry of Economy and Foreign Trade to complete the remaining requirement. MVE is requested to provide the evidence regarding Internet publication and additional evidence of paper publication. Inclusion of the January and February 2002 bulletins would be helpful.

Update as of June 30, 2002: MFT has published two monthly bulletins (January and February 2002) with disaggregated agricultural trade data, showing the value in dollars for many of Egypt's agricultural exports to the US, the EU and Arab countries during recent periods. These same data appear on the Ministry's web site. These data were not previously available in these bulletins or on the web site.

The monthly bulletins include brief summaries of the bilateral trade agreements with several Arab countries. These same summaries appear on the Ministry's web site. MFT recently completed summaries of the EU and COMESA agreements.

RDI translated the EU and COMESA agreement summaries, one from Arabic and one from English. These have been sent to MFT. The Ministry intends to display these soon on their website.

Accomplishment is still partial: Publication of the other two major trade agreements is essential for accomplishment.

Attached documents:

1. Copies of pages from bulletins/printouts from MFT web site, showing agricultural export data.
2. Copies of pages from bulletins/printouts from MFT web site, showing summaries of the bilateral agreements with several Arab countries.

¹ The types of statistics to be found according to indicator 4.3 are defined in indicator 4.2. The policy statement required by indicator 4.2 requires "the issuance of monthly bulletins with disaggregated, product-by-product *bilateral and multilateral* agricultural trade statistics."

3. Copy of COMESA Summary Agreement (Arabic),
4. Egypt EU Partnership Agreement (English) translated by RDI.

(NB: The information is exactly the same in the bulletins and on the web site; therefore it is not repeated in full in these copies.)

Benchmark D.8: Vegetable Seed Variety “Screening”

Policy Benchmark:

The GOE will permit the import of sample vegetable seeds for multi-location trials under farmers’ conditions.

Indicator D.8.1: An official policy statement that permits hybrid vegetable variety screening by seed companies by permitting the import of sample seeds for multi-location trials under farmers’ conditions.

Discussion: Although an appropriate policy statement was furnished in evidence in accordance with the requirements of this indicator, the USAID Review Committee deemed it to be inappropriate because, in their view, the magnitude of changes proposed should have called for a decree.

Action Needed: Therefore, RDI, and PMU are requested to draft and obtain approval of a decree that fulfills the requirements of the indicator. Please note that the wording of the decree must be specific in directly addressing each of the terms of the indicator. MVE is requested to verify approval of a decree that is fully consistent with the indicator statement.

Update as of June 30, 2002: The MVE Unit understands that a new decree has been drafted and informally approved by the USAID Review Committee. It is awaiting a cover memo and signature by HE the Minister.

Accomplishment is still partial.

Attached documents: None

Benchmark D.9: Technology Commercialization in Agriculture

Policy Benchmark:

The GOE will issue and begin implementation of an Intellectual Property and Technology Commercialization Policy for the Agricultural Research Center (ARC).

Indicator D.9.1: A ministerial decree establishing an intellectual property and technology commercialization policy for the ARC. The adopted policy will assign a portion of license revenues to each innovator.

Indicator D.9.3: Publication and dissemination of the new policy to ARC staff and potential private sector partners in technology research and marketing.

Discussion: Based on the information provided, the Review Committee concluded that without passage of the National Intellectual Property Rights Law, Indicators D.9.1 and D.9.3 could only be met partially. The Committee took note of the ample evidence that the decree was drafted and publication and dissemination of the policy to ARC staff and the private sector took place. However, absent the decree (which is ready but held in abeyance till passage of the National law), both D9.1 and D9.3 were deemed to be partially met.

Action Needed: USAID requests that RDI & PMU evaluate whether the National IPR Law could be passed by April 15, 2002, and whether the concerns raised by MALR legal counsel could be successfully managed so that a decree is issued by April 15 that is consistent with the provisions of indicator D.1. Based on the outcome of the aforementioned, MVE is requested to modify the verification plan.

Update as of June 30, 2002: The MVE Unit obtained a copy of Law 82 for the year 2002 dated June 2, concerning the intellectual property and technology commercialization policy, which was approved by the People's Assembly and published in the Official Gazette.

Lawyers are reviewing and analyzing the draft decree, which would be signed by H.E. Dr. Youssuf Wally, Deputy Prime Minister and Minister of Agriculture and Land Reclamation. The review of the decree focuses on the consistency and the compliance of the decree with Law 82.

Accomplishment is still partial.

Attached document: Copy of the cover page of Law 82/2002, concerning protecting the intellectual property and technology commercialization.

Benchmark D.10: Transparency in Decision-Making

Policy Benchmark:

The GOE (MEFT) will issue a decree that requires the discussion of foreign trade draft regulations with stakeholders before the issuance of the regulation.

Indicator D.10.2: Evidence that the procedures established in the decree have been implemented (e.g., public meetings, public comments).

Discussion: At the time of the USAID December review, one public meeting had taken place since issuance of the decree. Based on the evidence presented, the Committee concluded that that meeting was not carried out in accordance with all of the provision of this indicator due to lack of implementation time.

Action Needed: RDI & PMU are requested to work with the MOFT to organize additional meeting and ensure that all elements of the indicator are followed². Perhaps a checklist of the steps could be developed with MOFT. The Committee noted that the official minutes from the December 12th meeting supplied by MOFT lacked detail and were not useful as evidence. Once additional public meetings take place, MVE is requested to verify that the terms of the indicator are complied within their entirety.

Update as of June 30, 2002: Dr. Sahar Mounir, Office of the Minister, described to Dr. Gary Ender, COP of the MVE Unit, the following process by which MFT gathers the input of the private sector:

- the commodity councils hold meetings approximately monthly, sometimes more often, to discuss export-related matters; there have been 9 meetings from January to April 2002
- HE the Minister attends some of these meetings; the head of the FTS, Sayed Abul Qomsan, attends some of these meetings; Dr. Sahar attends all of the meetings
- in some of the meetings there are specific issues sent for discussion by HE, sometimes the exporters raise issues to MFT
- topics discussed in recent meetings include the duty drawback system, obtaining regular air freight service to Egypt and lower rates, the new cold storage facility at Cairo airport, and handling charges by EAS and EgyptAir
- the secretariat of the CCs takes notes and circulates them to the head of FTS (although often he was present at the meeting)

² Indicator D.10.2 does not give details of the procedures to be followed, but these are available in the decree that satisfied indicator D.10.1. The decree requires the following steps: 1) the FTS to present any draft regulations to the Commodity Councils; 2) the Councils are then responsible to hold public meetings for exporters; 3) written opinions should be given within one week; 4) the head of FTS then reports these opinions to the Minister.

Dr. Adel Mostafa of the MVE Unit had an interview with Dr. Ossama Kheir El-Din, the Chairman of the ACC, on Thursday, May 16, 2002. Dr. Kheir El-Din mentioned that the Agriculture Commodity Council achieved many positive results in the areas of rice, peanuts, potatoes, citrus, cut flowers, and transportation.

Dr. Ossama Kheir El-Din reported that he meets His Excellency Dr. Youssef Botros Ghaly, Minister of Foreign Trade, at least twice weekly to solve the day-to-day problems of exporters and that they together, the Minister and Dr. Kheir El-Din, visited a number of exporters' farms and export stations in the last couple of months, including those of Ahmed El Wakil, Aly Essa, El Egezy. Dr. Kheir El-Din also mentioned the ACC's role with APRP in fish exports.

He also said that the new Export Law, which was drafted by the ACC and has been proposed by the Government, is now in the Ministry of Justice for its review. After the review by MOJ, it will be presented to the People's Assembly.

Dr. Kheir El-Din said that all the meetings held by ACC are chaired by the Minister, or by one of the high staff of the Ministry if Dr. Ghaly is not available. Ms. Zeinab El Ghazaly, Deputy Minister, is the coordinator with the ACC. Minutes of ACC meetings are kept in her office.

Minutes for meetings held during January - April, 2002 are attached. The topics covered during these meetings can be seen to be the main problems and obstacles facing the Egyptian exports of the main exportable crops, vegetables, fruits and medical aromatic plants. Every specialized committee discussed in details all the issues concerning promoting their exports.

MVE received the following 19 ACC meeting minutes and one workshop minutes for the period from January through April, 2002. The meetings were attended by MFT officials, including Ms. Zeinab El Ghazawy, Deputy Minister of Foreign Trade and the coordinator for the ACC in MFT. The subjects raised in the Rice Workshop included the rice subsidy issue, the involvement of cooperatives in assembling the rice, financing the rice marketing rice operations, and other price issues. These discussions were targeting the promotion of rice exports from Egypt.

The meetings covered many matters, including all suggestions and discussions raised by the private sector to facilitate and promote Egyptian exports. The transportation committee discussed air cargo costs and subsidies needed to lower the expenses exports and the space required for exporting fruits and vegetables on different carriers.

ACC meetings during January, 2002:

- | | |
|---|-----------------------|
| 1. Perfume, Medical Plants, and Peanuts Committee | Sunday, 06/01/2002 |
| 2. Onions and Garlic Committee | Wednesday, 09/01/2002 |
| 3. Citrus Committee | Monday, 14/01/2002 |
| 4. Rice and Cereals Committee | Sunday, 27/01/2002 |

ACC meetings during February, 2002:

1. Rice and Cereals Committee
2. Vegetables and Fruits Committee
3. Rice and Cereals Committee

Tuesday, 5/2/2002

Tuesday, 12/2/2002

Sunday, 17/2/2002

ACC meetings during March, 2002:

- | | |
|------------------------------------|--------------------|
| 1. Onions and Garlic Committee | Sunday, 3/3/2002 |
| 2. Agricultural Machines Committee | Tuesday, 19/3/2002 |
| 3. Agricultural Machines Committee | Sunday, 24/3/2002 |
| 4. Onions and Garlic Committee | Tuesday, 26/3/2002 |

ACC meetings during April, 2002:

- | | |
|---------------------------------------|----------------------|
| 1. Onions and Garlic Committee | Tuesday, 2/4/2002 |
| 2. Agricultural Machines Committee | Tuesday, 2/4/2002 |
| 3. Onions and Garlic Committee | Wednesday, 17/4/2002 |
| 4. Transportation Committee | Thursday, 18/4/2002 |
| 5. Animal Proteins Committee | Sunday, 21/4/2002 |
| 6. Agricultural Engineering Committee | Sunday, 28/4/2002 |
| 7. Biological Engineering Committee | Sunday, 28/4/2002 |
| 8. Citrus Committee | Tuesday, 30/4/2002 |

Accomplishment is full.

Attached documents:

1. Meeting minutes (Arabic), Rice and Cereals Committee, ACC, Sunday, 17/2/2002
2. Meeting minutes (Arabic), Vegetables and Fruits Committee, ACC, Tuesday, 12/2/2002
3. Meeting minutes (Arabic), Transportation Committee, ACC, Thursday, 18/4/2002